



TOTAL TRANSPORT SYSTEMS LIMITED

Policy on Materiality of and dealing with Related Party Transactions ("RPT Policy")

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RELATED PARTY TRANSACTION POLICY

1. PREAMBLE:

The Board of Directors (the “Board”) of **TOTAL TRANSPORT SYSTEMS LIMITED** (the “Company”), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the company.

2. OBJECTIVE:

Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.

The Audit Committee of the Company will review this policy on an annual basis and propose any modifications to the Board for approval.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS:

“Arm’s Length Transaction”

It means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

“Arm’s Length Price”

It means a price which is applied or proposed to be applied in a transaction between two unrelated persons;

“Board”

In relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act, 2013).

“LODR”

It means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

“Audit Committee or Committee”

It means the Committee of the Board formed under section 177 of the Act and Regulations 18 of Listing Regulations 2015.

“Control”

It means control as defined in Section 2 (27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel”

It mean key managerial personnel as defined under Section 203 of the Companies Act, 2013 and includes:

- (i) The Chief Executive Officer or the managing director or the manager;
- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The Chief Financial Officer
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed

“Policy”

It means this Related Party Transaction Policy as amended from time to time.

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation, including any amendment or modification thereof, as may be applicable.

“Material Related Party Transaction”

In relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds Rupees One Thousand Crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification”

It means any modification to Related Party Transactions having upward variance of not less than 20% of the existing limit approved by the Audit Committee, the Board or the shareholders, as the case maybe or Rs. 1 Crore, whichever is higher.

"Materiality Threshold"

It means limits for related party transactions beyond which approval of the shareholders' as specified in Companies Act, 2013 and rules thereof and amendments thereto will be required.

“Related Party”

In relation to the company means a party related to the company in any of the ways as laid down in Section 2(76) of the Companies Act, 2013 or Regulation 2(1)(zb) of the SEBI (LODR), 2015 as amended from time to time and includes the following

- i. A Director or his relative;
- ii. A Key Managerial Personnel or his relative;
- iii. A firm, in which a director, manager or his relative is a partner;
- iv. A private company in which a director or manager or his relative is a member or director;
- v. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi. Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act. [Except advice, directions or instructions given in a professional capacity]
- viii. Any body-corporate which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary or an investing company or the venturer of the company
- ix. A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

Further;

- a. any person or entity forming a part of the promoter or promoter group of the company; or
- b. any person or any entity, holding equity shares of ten per cent or more, in the company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party

“Relative”:

With reference to any person, means who is related to another, if:-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are Husband or wife or
- (iii) One person is related to the another in the following manner, namely:-
 - i. Father, includes step-father.
 - ii. Mother, includes step-mother.
 - iii. Son includes step-son.
 - iv. Son's wife.
 - v. Daughter.
 - vi. Daughter's husband.
 - vii. Brother includes step-brother.
 - viii. Sister includes step-sister.

“Holding Company”

It means holding company as defined in Section 2(46) of the Companies Act, 2013. Accordingly, “holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

"Joint venture"

It means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“Associate”

It means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” and by Accounting Standard (AS) 18, “Related party disclosures”.

“Subsidiary”

It means a Company as defined under section 2(87) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” and by Accounting Standard (AS) 18, “Related party disclosures”.

“Control”

Shall have the same meaning as defined in Section 2(27) of Companies Act, 2013.

Accordingly, control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Further as per Para 7 of Ind AS 110, an investor controls an investee if and only if the investor has all the following:

- (i) Power over the investee;**
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and**
- (iii) The ability to use its power over the investee to affect the amount of investor's returns.**

“Related party transaction”

It means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Explanation: A transaction with a related party shall be construed to include single transaction or group of transactions in a contract.

As per Section 188 of the Act shall mean contracts or arrangements with related party with respect to:-

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of

the Company. “Collectively the Related Party Transaction shall constitute the above.”

The following transactions shall not be construed as related party transactions:

- a. the issue of specified securities on a preferential basis, subject to the compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding, such as:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
- c. Retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

Any words/terms used in this Policy but not defined herein shall have the same meaning assigned to such words/term in the Act and the Rules made thereunder and the Listing Regulations as amended from time to time.

“Office or Place of Profit” as per the Explanation (a) to Section 188 (1) of the Companies Act, 2013 means any office or place—

(i) Where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Transactions in “ordinary course of business” shall mean and include-

- Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
- Transactions that is reasonable in the context of the business of the company.
- Transactions that are part of the standard industry practice.
- Meets any other parameters/criteria as decided by the Board/Audit Committee from time to time

“Ordinary Course of Business” includes but not limited to activities that are necessary, normal, and incidental to the business.”

Material modifications: means any variation(s) on cumulative basis in the terms or value of original approved contract by Rs. 1 Crore or more than 20% of overall contract value, whichever is Higher.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

- Change in the quantity or rate of the existing RPT due to the reasons beyond the control of the Related Parties for instance variation due to volatility in International crude/product prices or external factors resulting in fluctuating patterns of demand and supply levels for petroleum products
- Change due to revision / imposition of statutory levies like taxes, duties, etc.

4. IDENTIFICATION OF RELATED PARTY:

□ Identification of Related Party Transactions:

- Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

- As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Chief Financial Officer shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.
- Such notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. TERMS OF THE POLICY:

- 6.1 All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee or the Board or the Shareholders in accordance with this Policy.
- 6.2 All the Related Party Transactions proposed to be entered shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors/ Shareholders as per the terms of this policy.
- 6.3 All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall alongwith the Audit Committee Approval shall also require approval of the Board of Directors.
All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of Resolution.
- 6.4 However, Related Party Transactions which are either not at arm's length or not undertaken in the ordinary course of business shall require the prior approval of the Audit Committee, Board of Directors and the Shareholders by way of resolution in order to allow the Company to enter into arrangements/transactions/contracts with related party of the Company as per the prescribed provisions of Companies Act, 2013 along with the rules made thereunder and the Listing Agreement.

7. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

All related party transactions must be reported to the Audit Committee for its prior approval in accordance with this policy. The Committee shall review the transaction and report the same for approval of the Board and shareholders, if required, in accordance

with this policy.

Approval of Audit Committee

- 7.1 All Related Party Transactions along with subsequent material modifications shall require prior approval of the Audit Committee either at a meeting or by resolutions by circulations. The Related Party Transactions shall be approved only by the members of the Audit Committee who are Independent Directors.
- 7.2 Any member of the committee who has potential interest in any related party transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the meeting.
- 7.3 Audit Committee shall have all rights to call for information/documents in order to understand the scope of the proposed related party transactions.
- 7.4 All the transactions which are identified as Related Party Transactions along with material modifications should be pre-approved by the Audit Committee before entering into such transaction.

Provided that only those members of the audit committee, who are independent directors, shall approve Related party transactions

- 7.5 A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the Company³
- 7.6 Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party if regulation 23 and sub-regulation(2) of regulation 15 of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary.
- 7.7 The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- 7.8 Ratification of Related Party Transactions:

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (1) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore.

- (2) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation.
- (3) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
- (4) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (5) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.”

7.9 The Audit Committee may grant omnibus approval for the proposed Related Party Transaction proposed to be entered into by the Company or its subsidiary subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price/current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;
- e. The Audit committee shall review, at least on a quarterly basis, the details of Related party transactions entered into by the Company pursuant to each of the omnibus approval given;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company & transactions.

- g. Identification of Material modification in a particular related party transaction shall be the responsibility of the Compliance officer in consultation with the Chief Financial Officer or Chief Executive Officer.

7.10 All material related party transactions will be placed for approval of the shareholders of the Company through special Resolution and the related parties shall abstain from voting on such resolutions.

Approval of Board of Directors

7.11 If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

7.12 All the related party transactions prescribed under Section 188 of the Act, which are not in the ordinary course of business or not at Arm's Length Basis and all material related party transactions shall be brought before the Board and the Board shall consider and approve the related party transaction at a meeting.

7.13 Any member of the Board who is interested or has potential interest (as mentioned under section 184(2) of the Act), in any related party transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such related party transaction.

Approval of Shareholders

7.14 All the Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution. The related parties referred here shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the company subsidiary is a party but the Company is not a party if regulation 23 and sub-regulation(2) of regulation 15 of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary.

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length shall, subject to the limits mentioned in Rules 15(3) of the Companies (Meeting of Board and its Power) Rules, 2014, also require the approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

7.15 In accordance with SEBI (LODR), following transactions are exempted from the

requirements of obtaining the approval from Audit Committee/ Board/ Shareholders:

- (i) Transactions entered into by the company with other government companies;
- (ii) Transactions entered into between company and its wholly owned subsidiary or between two wholly owned subsidiaries of whose accounts are consolidated with the company and placed before the shareholders at the annual general meeting for approval.
- (iii) Transaction entered in respect of sale, disposal or lease of assets by the subsidiary Company are exempt from the approval of the Shareholder of the Listed Company.

The 'Related Party' referred here has to be construed with reference only to the contract or arrangement for which, the said special resolution is being passed. Thus, the term 'Related Party' in the given context, refers to only such related party as may be a related party in the context of the contract or arrangement for which, the said resolution is being passed.

Transactions that, require previous approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows :

- 1) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- 2) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- 3) Leasing of property of any kind amounting to ten per cent of the turnover of the company as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
- 4) Availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.
- 5) For appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.
- 6) Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a

financial year.

However, In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

- 7.10 The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
- Name of the related party,
 - Name of the directors or key managerial personnel who is related, if any
 - Nature of relationship
 - Nature, material terms, monetary value and particulars of the contract or arrangement.
 - A summary of the information provided by the management of the listed entity to the audit committee as specified above;
 - Justification for why the proposed transaction is in the interest of the listed entity;
 - Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
 - A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - Any other information that may be relevant.

Transaction not requiring approval of Audit Committee, Board or Shareholders

- 7.11 Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders:
- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and where all holders of such securities receive the same benefits pro rata as the Related Party.
 - iii. Related Party Transactions between the Company and its wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
 - iv. Related Party Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;

- v. Related Party Transactions to which the Listed Subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such Listed Subsidiary;
- vi. Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary as referred in above point, the prior approval of the shareholders of the Listed Subsidiary shall suffice; and
- vii. Resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- viii. All the Remuneration and sitting fees paid by the Company or its subsidiary, as applicable, to its Director, key managerial personnel or Senior Management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of the listing regulations.
- ix. The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the ordinary resolution to approve a Material Related Party Transaction(s) shall contain such information as specified under the Act, Listing Regulations and the SEBI circular(s) issued in this regard.
- x. Payment of Statutory dues to any government company.

Transaction not requiring approval of Board or Shareholders

- 7.12 Pursuant to clarification provided in circular No.30/2014 dated 17th July, 2014 of Ministry of Corporate Affairs, Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after 1st April, 2014, the requirements under section 188 will have to be complied with.

8 CRITERIA FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD / AUDIT COMMITTEE:

- 8.1 To review a Related Party Transaction, the Board / Audit Committee will be provide with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The information provided shall specifically cover the following:

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);

- iv. Value of the proposed transaction;
- v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- vii. details of the source of funds in connection with the proposed transaction;
- viii. where any financial indebtedness is incurred to make or give loans, inter corporatedeposits, advances or investments,
- ix. nature of indebtedness;
- x. cost of funds; and
- xi. tenure;
- xii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- xiii. Justification as to why the RPT is in the interest of the listed entity;

- xiv. A copy of the valuation or other external party report, if any such report has been relied upon;
- xv. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- xvi. Any other information that may be relevant

8.2 In determining whether to approve a Related Party Transaction, the Board/ Audit Committee shall consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:-

- i. Name of party and details explaining nature of relationship
- ii. Manner of determining the pricing to ascertain whether the same is on arm's length Business rationale for entering into such transaction and any other information relevant or important for the Board to take a decision on the proposed transaction.
- iii. Whether the transaction is in the ordinary course of business of the company.
- iv. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- v. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
Whether the Related Party Transaction would affect the independence of the directors/KMP;
- vi. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vii. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- viii. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company,

taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

9 DISCLOSURES:

9.1 Every Director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) With a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

9.2 All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.

9.3 Each Director and KMP of the Company shall promptly notify the Company Secretary of the Company of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.

9.4 The Company shall maintain Register pertaining to related party transactions in the prescribed form.

9.5 The related party transaction entered into with the related party/ies shall be disclosed in the Director Report / Annual Report as per the disclosure requirement of the Act.

9.6 The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

9.7 Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under listing agreement.

9.8 The Company shall disclose details of Related Party transactions every six months on the date of publication of its standalone and consolidated financial results.

Provided that Remuneration and sitting fees paid to Directors, KMPs and SMPs (excluding Promoter and Promoter Group and the same being provided the remuneration is not material) shall not be required to disclose to stock exchange.

10 AMENDMENTS TO THE POLICY:

10.1 The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

10.2 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

10.3 The Board of Directors shall review this Policy at least once in 3 years for making suitable amendments for better implementation of the Policy.

10.4 The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation. of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

10.5 This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the company.

Effective from: September 27, 2019
Last amended on: February 13, 2025

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